

October 28, 2004

Federal Trade Commission
Office of the Secretary
Room H-159 (Annex R)
600 Pennsylvania Ave., N.W.
Washington, D.C. 20580

Sent Electronically

RE: *FACTA Prescreen Rule, Project No. R411010*

Dear Mr. Secretary:

The Pennsylvania Credit Union Association (PCUA) appreciates this opportunity to provide comments to the Federal Trade Commission (FTC) on its proposed rule related to improving prescreened solicitation opt-out notices. The PCUA is a statewide trade association that represents nearly ninety (90%) percent of the approximate six-hundred seventy-six (676) credit unions located within the Commonwealth of Pennsylvania.

To respond to the Board's request for comment, the PCUA consulted with its Regulatory Review Committee (the Committee). The Committee consists of twelve (12) credit union CEOs who lead the management teams of Pennsylvania federal and state-chartered credit unions. Members of the Committee also represent credit unions of all asset sizes. The comments contained in this letter reflect the input of the Committee and PCUA staff.

As a general matter, PCUA and its members applaud any efforts to improve the effectiveness of disclosures to consumers. Our group agrees that the layered notice approach, which consists of providing a short opt-out notice that is separate and apart from the long notice containing additional disclosures, has the greatest probability of effectively communicating with consumers who are often barraged with offers and solicitations for financial products and services.

You requested comment regarding whether the placement of the short notice on the first page of the "principal promotional page" is sufficient to ensure that the short notice is prominent and noticeable. Determining what constitutes the first page of the principal promotional material may lead to splitting hairs and varying conclusions regarding which page the consumer is likely to read first or what document is the principal promotional document. Overall, our group agreed that it is important that the short notice be included on the same page as the offer for the product or service. Consumers are likely to search through the documents for the offer itself and may not review any additional paper that is part of the solicitation mailing. Also, the more paper that is

included in the mailing increases the probability that any notices will be thrown away before being read.

With regard to the long notice, we realize that the long notice disclosures should not be nested in other extraneous material so as to make those disclosures ineffective. However, it is our opinion that the rule should not prohibit additional language being included in the long notice. The guidance offered in the proposed rule that any additional information should not detract from, contradict or conceal the long notice disclosures is sufficient to protect the purpose of the long notice. Our group agrees that the long notice should not be required to appear in the same document (page) as the short notice and that separating the notices may actually result in more effective disclosures.

The Committee representatives have strong concerns that the 60 day effective date is not long enough and that the effective date should be extended. Much of the prescreen solicitation material used by our credit unions is prepared by outside vendors who require significant advance notice. Sixty days is insufficient time to develop, order, and create marketing material that will be fully compliant with the final rule and could cause a hardship on credit unions that have already expended resources on marketing material that may not longer be usable. As the opt-out notices were previously required, we request that the effective date of the rule be extended so that existing inventories can be exhausted before additional costs must be incurred to create new marketing material.

Finally, at least one of our members commented that the goal should be to reduce the volume of unwanted, confusing, and in some cases deceptive, offers for financial products and services to consumers. In the context of bankruptcy reform, legislators have indicated that meaningful bankruptcy reform will not be advanced until there is a reduction in the amount of credit solicitations and offerings provided to consumers, which often lead to consumers financially overextending themselves.

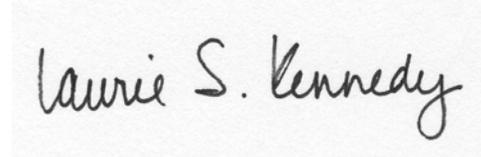
The idea of creating a national "opt-out" list, similar to the "Do Not Call" registry was discussed. While not all can agree that a national "opt-out" list would be the best approach since it could lead to limiting the offers of good financial products and services to consumers by legitimate lenders, controlling the volume and informational material received by individuals would result in consumers making more informed and better financial choices because they would be less overwhelmed. Prescreened solicitations are used by credit unions to educate their membership on the availability of products and services to meet their financial goals and needs.

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Thank you again for this opportunity to comment on behalf of Pennsylvania credit unions. Please feel free to contact me or any of the PCUA staff at 1-800-932-0661 if you have any questions.

Sincerely,

Pennsylvania Credit Union Association

A rectangular area containing a handwritten signature in black ink that reads "Laurie S. Kennedy".

Laurie S. Kennedy
Associate Counsel

LSK:llb

cc: Association Board
Regulatory Review Committee
J. McCormack
R. Wargo
M. Dunn, CUNA